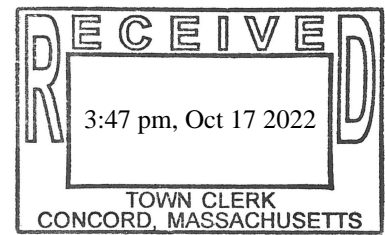




**CLIMATE ACTION ADVISORY BOARD**  
**October 19, 2022**  
**7:00 PM**  
**MEETING AGENDA**



To participate in this meeting you may video conference in to

<https://us02web.zoom.us/j/81743063892?pwd=eUpaRWlsNTdUMEtxbWd3T1hCV0hPQT09>

To call-in by phone dial (877) 853 5257 or (888) 475 4499 and use the Meeting ID 817 4306 3892 and Password 932273. Please note that dial-in participants will be muted and will not be able to make comments.

- |   |        |
|---|--------|
| 1. Welcome (Courtney)                               | [7:00] |
| 2. Introduction of Existing & New Board Members     | [7:05] |
| 3. Meetings and minutes (Courtney)                  | [7:15] |
| a. Approval of minutes from September 2022 Meeting  |        |
| b. Nov / Dec meetings - In-person (Hybrid option?)  |        |
| 4. Chair's update (Courtney)                        | [7:20] |
| a. Sustainability Director search update            |        |
| b. Kicks for Cancer - Compost / Recycling (Recap)   |        |
| c. School Committee Sustainability                  |        |
| 5. Transportation Advisory Committee Collaboration  | [7:40] |
| a. Roadmap Overview                                 |        |
| b. Opportunities for CAAB Advocacy                  |        |
| 6. Workplan Check-Ins                               | [8:15] |
| a. Home Energy Scores (Jake)                        |        |
| b. Climate Vulnerability Assessment (Paul and John) |        |
| c. Home Energy Financing                            |        |
| 7. New business                                     | [8:40] |
| 8. Public comments                                  | [8:50] |
| 9. Adjourn  | [9:00] |

Upcoming meeting dates and clerks (Meeting time: 7PM)

- i. Oct 19 - John
- ii. Nov 16 - Paul
- iii. Dec 21 - Brian
- iv. Jan 18 - Brad
- v. Feb 15 - Gavin

Distribution

Committee Members: Courtney Eaton (Chair), Brian Crouse, Jake Swenson, John Bolduc, Paul Kirshen, Ben Slayden, Gavin Colbert, Brad Hubbard-Nelson

Town: Town Clerk, Matt Johnson (Select Board Liaison)

Local Groups: Mothers Out Front, ConcordCAN, League of Women Voters

## Mobility Action Blueprint Summary

Action Description	Champion	Initial Actions
Increase use of public transportation and other low-carbon and no-carbon transportation options	Sustainability DPLM DPW	<ol style="list-style-type: none"> <li>1. Transportation Roadmap (done)</li> <li>2. Pilot public trolley between Town centers / MBTA (done)</li> <li>3. Regional trolley service</li> </ol>
Accelerate adoption of electric vehicles	CMLP Sustainability EV Working Group	<ol style="list-style-type: none"> <li>1. Investigate public deployment for EVSE infrastructure (level 2 / level 3)</li> <li>2. Explore EV charging incentives</li> <li>3. Financial incentives for residents / businesses for EV</li> </ol>
Implement long-term plan to electrify school and municipal fleets.	Sustainability CCRS	<ol style="list-style-type: none"> <li>1. Conduct baseline study (done)</li> <li>2. Develop municipal and bus fleet electrification plan (done)</li> <li>3. Vehicle transition plan (??)</li> <li>4. Identify locations for more public EV charging infrastructure</li> </ol>
Improve availability, accessibility and connection between bicycling and walking paths and sidewalks	DPW DPLM	<ol style="list-style-type: none"> <li>1. Review Complete Streets priority list and begin implementing</li> <li>2. Evaluate regulations related to incorporating bikeways into new / re-development</li> <li>3. Explore potential funding / incentives and Regional collaboration opportunities multi-modal transportation</li> <li>4. Evaluate opportunities for more bike-friendly community</li> </ol>

**Climate Action Advisory Board  
Meeting Minutes  
September 21, 2022**

Pursuant to a notice duly filed with the Town Clerk, a virtual public meeting of the Climate Action Advisory Board (CAAB) was held on September 21, 2022, at 6:00 pm via Zoom.

**Members present:** Courtney Eaton (Chair), John Bolduc, Paul Kirshen, Jake Swenson, Brian Crouse, Ben Slayden, Gavin Colbert

**Select Board Liaison:** Matt Johnson

**Staff:** n/a

**Members of the Public:** n/a

**1. Welcome (Courtney) [6:00]**

- It's been several months, welcome back. We lost a few members and gained several.

**2. Introduction of Existing & New Board Members [6:05]**

- The members all introduced themselves to one another.
- New members are Ben Slayden and Gavin Colbert
- Ben Slayden – Moved here 8 months ago. Working for a start-up on decarbonizing transportation. Originally from Texas, worked for Lockheed Martin.
- Gavin Colbert – Grew up in Concord, recently moved back. Graduated from Dartmouth in sustainable energy. Interested in renewable energy, heat pumps, sustainable transportation.

**3. Meetings and minutes (Courtney) [6:20]**

- a. Approval of minutes from Joint June Meeting
  - The meeting minutes from the June meeting with CSEC were motioned for approval, seconded, and approved.
- b. Fall meeting availability / in-person vs. virtual
  - Team provided input on in person vs. virtual. Input provided on in person vs. virtual and a proposal for pushing back the start time to 7pm for in person
  - Question asked about when extension provided, clarified that it was extended to February.
  - Chair proposed that CAAB meet in person

**4. Chair's update (Courtney) [6:25]**

- a. Review of Board procedures
  - Created a process description for CAAB governance, roles and procedures.
- b. Membership policies
  - Started but didn't finish the process of evaluating the specific elements of the membership structure that were outlined in the charter and whether we want to provide more flexibility.
  - A suggestion was made to review the notes from the prior discussion we had on this topic as there were some thoughtful comments and discussion.
  - Courtney said she would follow up to find those notes and ensure they are available for CAAB to review prior to next time.
- c. Sustainability Director search update
  - Call put out for resumes for interest and there were many candidates and interviewed several but none of them blew folks away

- Decided not to make an offer to existing slate. Requisition is open and renewed search again to find the best candidate.
- Important to ensure people understand the nature of working in a municipal setting. Came out as part of feedback from the prior Directors.

Question asked about several of the items in the notes relating to the UNH intern, the middle school, and the hazard mitigation plan. Courtney said that CAAB was invited to send a representative of the middle school sustainability committee in lieu of former Director of Sustainability who has left. Meeting at 4pm. Question about middle school and geothermal. Some comments that the team evaluating the HVAC had participated in some evaluations with the firm hired to design building and provided input.

Comment that IRA could support middle school and the light plant with getting funding to support sustainable designs and on-site solar installation

Municipal fleet electrification study was presented to Select Board, Matt Johnson said that the study is informing action by the town departments.

## **5. HB5060, An Act Driving Clean Energy and Offshore Wind [6:40]**

### a. Updates from Select Board

- Courtney sent around the letter that the Town Manager sent to the MA DOER at the end of August seeking participating in the demonstration program prohibiting new construction and major renovations that are not fossil fuel free. Asked if Matt Johnson had additional comments.
- Matt said he doesn't have any new information or near term actions, the letter was very thorough in describing the current interest. The town is very interested but without the final language getting finalized around the actual rules, it is hard to know what will happen.
- There is an open question about whether Concord will meet the affordable housing threshold based on the timing of the regulations so that might be a barrier.
- He added that Select Board discussed and the legislation in process and that there isn't necessarily some immediate near-term actions at this time, have to wait until the legislation is complete.

### b. Initial Reactions from CAAB members

- Comment there isn't much we can do until the rules are passed and that the legislation also requires energy data to be shared for all buildings that are 20,000 ft<sup>2</sup> or larger, town should determine how we can leverage for benchmarking.
- Matt said while still up in the air depending on specific rule language, but that there may need to be a warrant article to align with the language in HB5060.
- Comment whether there is a need for a conversation with Light Plant to ensure there is a program to ensure developers comply with the law? Response from Matt Johnson that the building commissioner would need to be involved as well. Also comment about capacity and whether we have and sounds like the town does.
- Chair asked a question about a new affordable housing development that may be falling through, Matt Johnson said there are requests for additional funding and not clear if it will come through. Legislation says that as of end of December 2021 meet threshold, we met that but if you go with new census there could be challenges.

## **6. Workplan Check-Ins [7:00]**

### a. Home Energy Scores (Jake)

- Jake mentioned that hadn't been able to make much progress over the summer on the research over summer except for attending/watching NEEP energy score cohort meetings,

reviewing RMI materials on the topic, and making some adjustments to the research and presentation materials previously developed. Hoping to make more progress this fall.

- Jake provided a brief background on home energy labeling and scoring and what we have been investigating for Ben and Gavin, recapping prior discussions and research.
- b. Planning Board Support (Courtney)
- Seeking to have more alignment between Planning and CAAB.
  - Courtney is exploring additional coordination with Haley to align.
  - Site plan review draft is still in process, effort to incorporate some sustainable check points.
  - Courtney asked Haley about sustainable development guidelines but not something that Planning has been engaged with Sustainability Director or CAAB in past.
  - Getting more sustainable principles into the planning process could be a win for town.
- c. Climate Vulnerability Assessment (Paul and John)
- Courtney did sit in on a session for MVP grant the other week. Town applied for funding for a climate vulnerability assessment and drought model to support both stormwater and drought impacts to Concord's water systems. Also wanted to look at it on a regional level. However, the proposal that was submitted was not accepted, so don't have the funds available. Real opportunity for additional environmental justice efforts.
  - Question asked about who was at the meeting. Courtney shared that Melissa Simoncini and Alan Cathcart were there. Allison Field-Juma from OARS, the SuAsCo watershed organization, were also part of the meeting
  - John provided some background for Ben and Gavin. The Climate Action Plan for town is mostly about mitigation, these efforts are more around adaptation to coming temperature and precipitation changes. Put proposal in to build a hydrological model to better understand future risks to water supply including groundwater. Unfortunately, not supported. Other piece was to do a more robust vulnerability assessment to better understand risks and to mitigate them. 97% of towns in state are part of the MVP program, may explain why we didn't receive
  - John committed to draft a memo to emphasize the importance for a more detailed vulnerability assessment that could also open up opportunities for funding to help mitigate.
  - Paul provided some additional context, knows from discussions that the DPW manager is interested in the topic. Also given the summer we had there was a reminder of the need for some of this. Paul is one of leaders of a greater Boston group related to threats to water infrastructure. Will lay out how changes in flooding patterns, groundwater levels, river, ecological impacts and others will impact our landscape and the character of the town. This is the general direction we will be trying to go in with the memo.
- d. **Financing - what to do with this??**
- Just before Warren stepped off the Board, he presented a great memo outlining the key elements of financing mechanisms for energy efficiency / renewables and what we can do with them
  - Courtney asked for feedback from members. It was suggested that the memo get re-circulated and that CAAB put on the agenda to discuss in a future meeting.
  - Ben suggested that he could help support if had some more context, has a lot of experience in finance.
  - Question about process and how to manage ideas. CAAB aligned on priority actions over 4 months, then proceeded as a Board to identify the top priorities and bandwidth.
  - Fifth action item was holding town accountable by using a tracker against the KPIs in the Climate Action Plan and a process to help determine the best way to keep that updated.
  - Bringing in new members, we may want to look at list and determine best match and other project opportunities. Can we pair new members with projects they are interested in?

- Question on meeting in smaller groups, time outside of CAAB. Answer that smaller groups of a few members can work on projects and report back to CAAB but have to ensure comply with open meeting law requirements.

7. New business [7:45]

- a. Kicks for Cancer - Compost / Recycling Event
  - Brian described upcoming kicks for cancer
- b. School Committee Sustainability Liaison – Zoom meeting tomorrow at 4pm.

8. Public comments [7:50]

- No public comments were received, no members of the public were present during this part of the agenda

9. Adjourn

Meeting was adjourned at 8:03pm

# **Residential Decarbonization Financing Options for Concord**

## **May 13, 2022**

The availability of convenient financing is important for the acceleration of consumer adoption of building decarbonization measures because it can reduce the up-front costs of implementing those measures. This is especially important for heat pump installations, because of their high cost, but it can also be useful for consumers who want to implement energy efficiency measures, such as insulation and upgraded windows.

An important financing program, MassSave HEAT Loans, is already in place and can serve some of the market, but it is only available to Concord homes that are National Grid natural gas customers. Other options are needed to help finance decarbonization measures at other homes. This memo describes the MassSave HEAT Loan program, assesses other possible programs that could be added by CMLP, and provides information that we have collected about other organizations that could be helpful.

### **MassSave HEAT Loans**

This program “offers interest-free financing opportunities up to \$25,000 for energy-efficient home upgrades like the installation of air source heat pumps (central or ductless mini-split), ground source heat pumps, heat pump water heaters, insulation, and more.”

To qualify, the borrower must be a National Grid customer and first schedule a home energy audit through MassSave. The customer then selects a contractor and obtains a bid on the desired work. The customer (sometimes through the contractor) then secures a HEAT Loan authorization form from MassSAVE. The customer contacts one of the large number of banks and credit unions that are participating in the program. The loan application process is easy and some of the credit unions and banks allow the borrower to do everything online.

### **Advantages of the Program**

- Interest free
- The \$25,000 loan cap should usually be ample
- The application process is straight-forward

### **Disadvantages of the Program**

- Only open to homes with natural gas
- No option to repay the loan through monthly utility bills, so it requires borrowers to make an additional payment each month

### **Recommendations**

This is an excellent option for consumers who qualify. CMLP and the Town should undertake an active campaign to promote it widely and actively to residents.

## Other Financing Options to Consider

The Town and CMLP should look for ways to make financing available to consumers who do not qualify for the MassSave program. To maximize consumer uptake, two priorities should be:

1. Option(s) that CMLP will feel able and comfortable to promote actively to its ratepayers. Not only is CMLP a trusted entity but it reaches many more people than any private sector marketing effort can reach.
2. On-bill repayment. In other locations, this has been shown to significantly increase market penetration.

Although it would be ideal for a financing option to offer zero-interest loans, CMLP and the Town should not hold back if that is not currently possible to implement. Especially with high prices for heating oil, heat pumps and energy efficiency measures can be cost-effective for many customers, even if they have to pay interest on a loan. The upfront cost of an installation is a greater barrier than interest.

Here are some options:

### Energy New England (ENE)

CMLP is a client and part owner of ENE, which undertakes activities that serve the interests of its public power clients. ENE is seeking to establish a loan program. As one way to do that, ENE is exploring legislation that would establish a \$20 million revolving loan fund. It is also exploring whether funds through the Regional Greenhouse Gas Initiative (RGGI) could be used to establish the revolving loan fund. If it were to have the funding, it would offer loans at an interest rate—perhaps 4.5%—which would cover ENE's costs. In addition, ENE is reaching out to private entities (banks, coops, and other private equity) to potentially secure the needed funding, but that would likely drive up the interest rate for customers. ENE would provide administrative support through reviewing applications, billing, and collections.

#### **Advantages**

- CMLP has an existing relationship with ENE and trusts it
- No financial risk to MLPs including the credit and bond rating
- This could be an easy-to-administer loan offering for CMLP to enter into

#### **Disadvantages**

- Because ENE does not currently have the needed funding in hand, it could be a long time before the program is ready to launch
- Option to repay the loan through monthly utility bills is unlikely, so it requires borrowers to make an additional payment each month
- It would not be a zero-interest option

#### **Recommendations**



CMLP and the Town should monitor this closely and keep in touch with ENE, but not delay action until ENE launches a program. ENE may not be in a position to launch a program until late-2023 or 2024.

### CMLP-Administered Program

CMLP could launch its own loan program, using Town funding approved via town meeting. CMLP would need to add a staff member to administer the program. CMLP would issue the loans to borrowers and collect the repayments via on-bill repayment

#### **Advantages**

- This approach would give the Town and CMLP maximize control.
- It would be possible to offer zero-interest loans if residents vote to use taxpayer funds for that purpose.
- The number of consumers taking out loans would likely be higher than with other options, especially if the loans are zero interest, because of high trust of CMLP as an institution.

#### **Disadvantages**

- It would create a significant administrative burden for CMLP.
- There are some legal questions about CMLP's authority to serve as a lender
- Uncertainty around financial risk as default on this type of loan is low, but not nonexistent
- It would depend on an affirmative decision by Town Meeting, which would be uncertain.

#### **Recommendations**

I do not recommend this approach. It would take CMLP beyond its core competence and would require considerable administrative attention to set it up, taking CMLP leaders away from other important tasks. As long as there are other viable options, the advantages do not seem to outweigh the disadvantages.

### Massachusetts Municipal Wholesale Electric Company (MMWEC)

Like ENE, MMWEC is an entity that works with and serves Massachusetts MLPs. CMLP is not a member. MMWEC is pursuing using its existing pooled loan agreement to establish a Clean Energy Revolving Fund (currently \$5 million). The current loan program has a 2% interest rate. This fluctuates with inflation and federal reserve policy and could go up to 3% in the near term. Ideally, the state would offer a contribution to offset the interest through legislation or the use of federal American Recovery Plan Act (ARPA) funds and possibly increase the seed funding. If ARPA/legislation is not passed, the interest rate would need to be passed to customers or paid by the MLP. MMWEC would administer the program for the members. The Board of Directors would need to approve nonmember participation. Nonmembers may also need to pay an additional administrative fee. The loan program's infrastructure is in place and may be ready by mid-year, but it could be longer for nonmembers.

The loan program is flexible and can be customized by each MLP. The options for repayment are also flexible and could include fixed repayment with a separate bill sent to the customer, fixed repayment via on-bill repayment, or a variable tariff link to the rate structure in \$/kWh. To provide further security, property liens can be used but would not need to be required. CMLP's credit would be used to establish the loan program. MMWEC believes that given the size of individual loans and the low projected default rate, it is unlikely that defaults would impact a MLP's bond rating.

### **Advantages**

- MMWEC has done considerable work on getting this program started.
- MMWEC has extensive experience working with MLPs and represents the interests of MLPs.
- This program could potentially be up and running sooner than some of the alternatives.

### **Disadvantages**

- CMLP is not an MMWEC member.
- CMLP would need to use its credit to establish the program
- Smaller amount of start-up capital compared to other programs
- It would not be a zero-interest option

### **Recommendations**

This option holds considerable promise. CAAB and CMLP should have further conversations with MMWEC to explore this possibility and consider whether it is worth pursuing.

### **Slipstream**

Slipstream is a national nonprofit organization headquartered in Wisconsin, with more than 150 employees in 21 states, including Massachusetts. They run energy efficiency and renewable energy programs for governments and utilities. They are seeking to expand their financing programs into Massachusetts, but do not yet have a program established with a Massachusetts municipal utility. They could work with a program that relies on unsecured loans or one that uses on-bill financing. They much prefer on-bill financing, because there would be greater program uptake by consumers and administrative costs would be lower.

They especially like the PAYS (pay as you save) tariff model. In that case:

- The utility makes the investment and, in effect, owns the investment
- The utility's investment is capped at 88% of project savings, considering all fuel sources; the consumer can choose to invest more
- A fixed tariff charge is placed on the electric meter for a period of 10-12 years
- If the resident moves, the tariff stays with the meter.

For PAYS-model programs, Slipstream is partnering with EETility, which has been involved in more PAYS programs than any other organization. Slipstream does not supply the capital, but they have the program infrastructure. They provide the staff for administering the program and doing the data collection. They work with a closed network of vetted contractors. They do the loan servicing.

The start-up costs would be roughly \$150,000-\$200,000. It would be best to have several MLPs involved, so that those costs could be split among the MLPs. Slipstream has had discussions with Ipswich MLP.

CMLP would need to provide the capital or arrange for the capital from some other source. The capital could perhaps be obtained from the Rural Energy Savings Program (RESP) of the US Department of Agriculture, discussed below. Slipstream's program administration could potentially also be combined with a program funded through ENE or MMWEC. Slipstream has had discussions with ENE.

### **Advantages**

- Slipstream has considerable experience administering energy efficiency and fuel-switching programs for utilities.
- Slipstream and EETility have considerable experience administering on-bill financing programs.
- Slipstream is a non-profit organization with a positive reputation.
- PAYS is an attractive model that could even allow households which rent to participate.

### **Disadvantages**

- Although Slipstream has a successful track record, it has not offered a program like this in Massachusetts.
- They would not supply the capital for the loans or investments.
- It would likely require several MLPs to work together to set up a PAYS program.

### **Recommendations**

CAAB and CMLP should keep Slipstream in mind and should have further conversations with them, especially if a program with funding from ENE or MMWEC seems possible.

### **BlocPower**

This is a New York-based company that has been financing efficiency and technology upgrades for commercial buildings and multi-family housing. They pay for the upgrade and lease the equipment to the building owner. This is similar to a solar leasing company or an energy services company (ESCO), with the building owner being able to make monthly repayments that are usually less than the savings in utility bills. The company is not looking to be more active in the Massachusetts market and may also want to do smaller single-family home installations.

### **Advantages**

- The building owner does not need to pay for the initial cost of the installation
- BlocPower is responsible for system maintenance

### **Disadvantages**

- The company does not have a track record in Massachusetts
- Most of their work has focused on large properties in New York; it is unclear how it will translate to smaller properties in a place like Concord

## **Recommendations**

This could ultimately be a useful model for some properties in Concord, especially multi-family properties. However, it would be premature for CMLP to embrace this model and promote it to its customers until there is a solid track record of success in Massachusetts. Even then, it might be a model best left to the private sector marketplace without participation by CMLP.

## **Commercial Property-Assessed Clean Energy (C-PACE)**

According to the Massachusetts Department of Energy Resources website, “Pursuant to G.L. c. 25A, sec. 6(13), MassDevelopment Finance Agency (MDFA), with the technical assistance of DOER, has launched a Property Assessed Clean Energy (PACE) program for commercial and multifamily buildings. PACE Massachusetts allows owners of commercial, industrial, and multifamily (5 or more units) properties to make energy improvements to existing facilities and finance the improvements over a long term (up to 20 years). The loan is repaid via a municipal betterment assessment on the property and attaches to the property so the benefits and payments flow to subsequent purchasers.” This program could be used to offer loans for multifamily housing. Up to now, there have been few loans made through the program and the processes established by MassDevelopment involve considerable administrative complications, but PACE has the potential to play a useful role for Concord. More research needs to be done.

## **Resources and Background Information**

### **Environmental and Energy Study Institute (EESI)**

EESI manages an [On-Bill Financing Project](#) funded by private foundations that enables EESI to provide assistance to municipalities and utilities that seek to establish an on-bill financing program.

### **What EESI Can Do for Concord**

- Help set appropriate goals for an on-bill financing program
- Provide case studies of other municipal utilities and rural electric coops that established programs
- Make connections for us with other utilities with similar goals and needs to Concord. EESI’s project director, Miguel Yañez-Barnuevo, feels the experiences of the Holland Board of Public Works in Holland, Michigan could be especially relevant to Concord
- Provide CMLP with analysis that CMLP might desire and find useful
- Help with the launch of the program
- Help with an application to the USDA Rural Electric Savings Program, if Concord decides to go that route.

### **EESI’s Views on Program Design**

- The loan should be tied to the utility meter rather than to the individual/household borrowing the money. This allows renters to participate and also reduces the risk of defaults.

- It is generally best to allow for repayment over many years—up to 12 years is a good benchmark
- It is desirable to allow for alternative underwriting criteria

### **EESI's Views on Loan Defaults**

- EESI's experience is that there are usually very few defaults. A key reason is that many utilities focus on energy efficiency measures that will yield immediate savings larger than the monthly payments. That means that the borrower is saving money each month from day one.
- If Concord were to focus on electrification and fuel switching, in addition to cost-effective energy efficiency measures, some borrowers may find their bills going up, at least in the short run. That could influence the number of defaults, but there should still be very few if the borrowing criteria are set up carefully and potential borrowers are given solid information about their costs and savings.

### **Two Different Roles for CMLP**

- With an on-bill financing program, CMLP would take on the task of setting up the administrative structure for the program, issuing the monthly bills, and collecting payments.
- CMLP could also choose to be the lender, either loaning its own money or money it borrows and re-loans.
- But CMLP does not need to play the role of the lender. Another entity could play that role. That entity would loan its own money and would receive the borrower's monthly payments. The contract would be between that lending entity and the Concord ratepayer borrowing the money.
- In terms of the risk of default, the lender takes the risk. If CMLP does not play the role of lender, it does not have any risk if the borrower defaults on payments.

### **An Option for Obtaining Capital**

- If CMLP decides to play the role of lender, it does not need to use its own money. It could obtain the capital from some other source and then lend it out. Miguel especially recommended seeking funding from the Rural Energy Savings Program (RESP) of the US Department of Agriculture. Municipalities (or utilities that serve municipalities) with up to 50,000 people can apply. EESI describes the program here: <https://www.eesi.org/Rural-Energy-Savings-Program>.
  - Advantages of this program
    - RESP offers the funding at 0% interest.
    - CMLP would be able to charge customers an interest rate (up to 5%) to cover its administrative costs and possible defaults.
  - Disadvantages of this program
    - The process of getting approval from RESP would take more than a year
    - The application is long and time-consuming.

### **Holyoke Gas and Electric (HG&E)**

HG&E has an active loan program that offers loans to residential and commercial customers. CAAB Member Michael McAteer collected information from HG&E about their experiences.

### **Key Points from a Conversation with HG&E**

- Roughly five people are engaged to administer the loans
- Annual budget (\$1.0M) is secured from the company's operating plan. Roughly 50 customers elect to participate annually- split evenly between commercial and residential sectors
- Unable to spend the full budget annually
- Scale is small and HG&E has no plan to increase customer participation - strong belief to not increase rates
- 50% of funds go to weatherization / 50% electrification
- Customers like the program
- No concern with defaults / Will initiate a lien on property if necessary
- Process is not burdened with typical loan requirements, although customers must present a copy of their deed to the company
- Billing systems can handle on-bill function
- Engage Diamond Contractors for heat pump systems transitioning from fossil fuels
- Work closely with low-income customers

### **HG&E's Responses to a Questionnaire**

How is the loan program administered within the company, including staffing, budget and resources?

- Managed internally by Energy Efficiency Coordinator, Technical Support Engineer, Customer Service and Accounting Depts. Budget = \$1,000,000

When was the program developed?

- Sometime in the 1990's, maybe earlier

What is the target customer market?

- Residential and commercial buildings with active HG&E accounts

What is the source of the loan funds?

- We do not have a separate account for the funds. Rather, the money is coming out of our operational cash flow and we account for it on an annual basis. The annual budget is based on how much we can take on each year and has historically always been \$1,000,000.

How many loans have been issued?

- 2021 applications approved:
  - Residential Energy Conservation Program: \$363,585
  - Commercial Energy Conservation Program: \$434,776
- 2020 applications approved:
  - Residential Energy Conservation Program: \$286,921
  - Commercial Energy Conservation Program: \$466,706
- 2019 applications approved:
  - Residential Energy Conservation Program: \$293,556

- Commercial Energy Conservation Program: \$167,304
- 2018 applications approved:
  - Residential Energy Conservation Program: \$395,448
  - Commercial Energy Conservation Program: \$356,227
  - Solar: \$20,000
- 2017 applications approved:
  - Residential Energy Conservation Program: \$381,140
  - Commercial Energy Conservation Program: \$340,982
  - Solar: \$10,000

What are the customer eligibility requirements including credit review and liens on property?

- For Residential Energy Conservation Program, see terms and conditions on this webpage: <https://www.hged.com/residential/ee-home/recp/default.aspx>
- For Commercial Energy Conservation Program, see terms and conditions on this webpage: <https://www.hged.com/commercial/ee-business/cecp/default.aspx>
- For both programs, any requests over \$10,000 need to receive Commission approval

What technologies can the loans be used to support?

- For Residential Energy Conservation Program, see list of eligible equipment and equipment-specific requirements on this webpage: <https://www.hged.com/residential/ee-home/recp/default.aspx>
- For Commercial Energy Conservation Program, see list of eligible equipment and equipment-specific requirements on this webpage: <https://www.hged.com/commercial/ee-business/cecp/default.aspx> Note that applications are handled on a case-by-case basis, and exceptions to eligibility requirements may also be made on a case-by-case basis.

How many loan defaults has the company managed?

- Luckily, we have not had any issues with repayment. We have had only one commercial customer default. I think for the most part because we only usually approve customers that pay on time every month, our threat is on the low side. If a customer were to default, we would place a lien on the property.

What is the maximum loan that can be made and over what period of time?

- Residential Energy Conservation Program:
  - The maximum assistance for a project is as follows:
    - Properties with 1 unit: \$10,000
    - Properties with 2 units: \$15,000
    - Properties with 3-4 units: \$20,000
    - Solar - Photovoltaic (PV) \$10,000 per residential dwelling
  - The maximum repayment term for the assistance is 36 months for projects up to \$2,000, 60 months for projects between \$2,001 and \$20,000, and 120 months for Solar PV \$10,000.
- Commercial Energy Conservation Program:

- The maximum assistance amount for non-owner occupied multi-family investment properties is \$20,000 per building. (maximum of \$5,000 per unit).
- The maximum assistance amount for Commercial and Industrial buildings (excluding multifamily buildings) is handled on a case-by-case basis.
- The maximum repayment term for the assistance is 36 months for projects up to \$2,000 and 60 months for projects \$2,001 or more.

What do your customers think about the effectiveness of the loans to drive their goals for mitigating their greenhouse gas footprint?

- No good data on this, imagine customers find it helpful, especially with larger, more expensive projects such as heat pumps, insulation, and high efficiency gas heating systems, which are one of more popular project types

What does the company think about the effectiveness of the program to advance the town's decarbonization goals?

- HG&E believes the programs to be in-line with the town's de-carbonization goals

WL- 5/12/2022

AK-5/13/2022